

# **Committee on Ways and Means**

## **Republicans' Goal: Protect and Strengthen Social Security**

### **Social Security is Our Most Successful Anti-Poverty Program.**

- Without Social Security, almost half of seniors would live in poverty.
- About 2 out of 3 seniors rely on Social Security for at least half their income, and about 1 out of 5 rely on Social Security for all of their income.
- Seniors and those nearing retirement will receive every penny in Social Security benefits they have earned over a lifetime of hard work.

### **The Problem: Demographic Trends Endanger Social Security.**

- Modern medicine is helping people to live longer, healthier lives than we ever imagined.
- Longer life spans + families having fewer children = a falling ratio of workers per retirees.
- According to the Social Security Administration, in 1945 - 42 workers supported each retiree; today - 3 workers support each retiree. In 25 years – just over 2 workers will support each retiree. We must act to strengthen Social Security.

### **The Options.**

- Past approaches: raising payroll taxes, reducing benefits, and increasing the retirement age—haven't worked, aren't a permanent solution, and aren't fair.
- Alternative approach—voluntary personal accounts.

### **Voluntary Personal Accounts Would Strengthen Social Security.**

- Allowing workers to save today through voluntary personal accounts that back Social Security with real assets helps avoid other painful solutions such as tax increases and benefit cuts.
- Voluntary personal accounts would allow workers to seek a higher rate of return on their contributions and help them build a retirement nest egg that could be passed to heirs.
- No plan with personal accounts would “privatize” Social Security. The Social Security Administration would still send monthly benefits and serve the public just as it does today.

### **Voluntary Personal Accounts Can Work for Everyone.**

- A nationwide education effort would help workers select among approved investment options, similar to the popular Thrift Savings Plan available to federal government workers and Members of Congress.
- Voluntary personal accounts minimize risk by offering prudent, diversified investments, providing a floor of protection for low-wage workers, or even guaranteeing benefits regardless of the account's investment performance- eliminating individual investment risk.
- Administrative costs can be kept to a minimum through centralized recordkeeping and pooling investments.

### **The President Has Outlined Guiding Principles.**

- No changes in Social Security benefits for retirees or near-retirees.
- No payroll tax increases.
- No government investing of Social Security funds.
- Preserve Social Security's disability and survivor benefits.
- Voluntary, individually owned and controlled personal accounts to strengthen Social Security.

### **Republicans are Leading the Social Security Debate.**

- While Republicans in the House and the President's Commission have developed proposals to save Social Security, Democrats have only wasted precious time in political schemes and scare tactics.
- Democrat's “Do Nothing” plan will ultimately lead to benefit cuts 1/3, payroll tax increases of over 1/2, unprecedented debt, or severe cuts in other government programs.